



**USAID**  
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# SERBIA AND MONTENEGRO

PROGRAM NEWS BULLETIN

## USAID MISSION TO SERBIA AND MONTENEGRO



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*Peer educator for reproductive health in front of an information booth organized during a public awareness campaign in Serbia's Uzice High School. From business and politics to education and health, youth in both Serbia and Montenegro are taking leadership roles in their communities.*

JUNIOR ACHIEVEMENT PARTNERSHIP PREPARES HIGH SCHOOL LEADERS  
TO BE ENTREPRENEURS

# STUDENTS GET READY FOR BUSINESS

With a population of over 110,000, the central Serbian town of Smederevo is among the largest municipalities in Serbia. Resting on the edge of the Sumadija region, and reaching the banks of the Danube and Morava rivers, the area holds promise for the further development of industry, agriculture, and trading.

Its young citizens are now acquiring important skills to participate in this process, thanks to the extracurricular activities of the Junior Achievement program, through which high school students gain basic knowledge of the principles of a market economy and a better understanding of private business, both in theory and in practice.

In collaboration with their teachers, high school students at Smederevo's School of Economics and Trade have established a student enterprise, called the In Team, in order to learn how businesses function and try to "survive" on the market. The team has signed a contract with the Komunalac public utility through which it will assist the



*Student at Kragujevac's medical school measures blood pressure at the Regional Center for SMEs*

company with distributing utility bills, with plans to use the money it earns to publish its school newspaper.

The In Team is only one of a number of "enterprises," including Wizard, the Third Element, and Reflection in the Mirror, established by nearly 1,000 students in roughly

30 high schools participating in the Junior Achievement program throughout 20 municipalities in central Serbia. The project, supported by the Serbian Ministry of Education and Sport and implemented by USAID partner ACDI/VOCA via the Community Revitalization through Democratic Action (CRDA) program,



*ABOVE: Founders of the Third Element*



builds on the Junior Achievement efforts in more than 30 other high schools in eastern and Southern Serbia.

"This is a great opportunity for us to become familiar with economics and learn some basic market principles in the area of advertising," says Marija Svabic, chairperson of the Wizard group, and a sophomore at the Milos Savkovic High School in Arandjelovac.

Not only are students learning, but their teachers as well. In order to encourage students in understanding the secrets of business, teachers are receiving training in subjects such as applied economics and student entrepreneurial organizations. Further instruction in management and economics simulation exercises will form the basis for organizing a national competition for high school students to determine the most successful student activities within the Junior Achievement program.

"First, we will hold a competition at the school level. The best 20 teams from the Sumadija region will compete with their peers from central and southeast Serbia at the national level. The competition will include a computer simulation of the market conditions of business. The teams will

be faced with changes in the market and expected to show the knowledge and skills [necessary to deal with them]," says Mirjana Cairovic, a teacher from the medical school in Kragujevac.

The program is also attracting the attention of local government officials. "It would be an understatement to say that I am overwhelmed with what I saw at the program's presentation," said Vesna Jeremic, head of Podunavlje county, which is participating in the Junior Achievement program in Smederevska Palanka. "I believe this is the right way for us in the community to produce young and adequately trained private entrepreneurs."

The Junior Achievement organization, established in the U.S. in 1919, has grown from a local initiative of business people to one of the world's largest programs for the education of young people in the area of business and entrepreneurship. The program is currently implemented in over 100 countries, with more than six million students (a million of them in Europe) participating every year. The program has been active in Serbia since October 2002. USAID has provided nearly \$86,000 for its implementation in central Serbia alone. ■

# NEWS IN BRIEF

Podgorica radio station Antena M Radio won the first OneWorld Radio SEE award in recognition of its quality reporting on issues of human rights and sustainable development. The annual award seeks to encourage radio stations in Southeast Europe to raise public awareness about the need to protect human rights, foster social justice and peace, and facilitate interethnic dialogue, as well as demonstrate how media professionalism can contribute to these goals. OneWorld Radio SEE is a multi-lingual web-based audio exchange platform that aims to promote regional cooperation by enabling radio stations and nongovernmental organizations to exchange programs quickly and at no cost for re-broadcast or online listening. USAID support to Antena M has included a highly successful weekly program addressing women's issues, including women's role and status in the family and their rights in political and public life and in the workplace. Antena M has also worked with the USAID-funded Akcija "Reforms for a Healthy Society" program to broadcast a series of radio shows on political, economic, legal, and media reform.

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USAID through its Community Revitalization through Democratic Action program (CRDA) and its implementer ACIDI/VOCA invested over \$48,000 in the reconstruction of a water supply network for the communities of Gloze and Ciglana in the municipality of Velika Plana, where over 1,000 refugees once suffered a lack of water and basic sanitary conditions. The reconstruction, which also includes a \$20,000 investment from the municipality of Velika Plana, will not only improve living conditions for citizens in these communities, but will also boost the daily operations of local businesses and agro-producers. "I grow cattle, and water is an everyday necessity for us. I was forced to use an electric pump, and that caused energy breaks and power cuts. With the new water supply system, we are finally able to do our work properly," says Spasoje Spasojevic, an agricultural producer from Ciglana.



ABOVE: Vesna Jeremic, head of Podunavlje county, buys "stocks" from Junior Achievement students

# TODAY'S YOUTH, TOMORROW'S LEADERS

Understanding how a political party functions remains essential to ensuring effective internal organization and responsive representation of citizens' interests. True political leadership also resists common appeals to using race, religion, culture, ideology, or other differences as campaign messages or party platforms.

As part of the Democratic Leadership School (DLS) organized by the Podgorica-based Nansen Dialogue Center, the National Democratic Institute (NDI), with funding from USAID, took the lead on an effort that sought to build such political skills in Montenegro's future leaders. The program focused on participants from northern municipalities that do not enjoy the same access to training opportunities as their colleagues from the capital.

Through a series of seminars, nearly 30 young leaders have learned new ideas and tools in a wide variety of important fields, including teambuilding, leadership, policy development, strategic planning, advocacy, message creation and delivery, and inter-party organization and communication. NDI has also worked with participants on party-specific projects that address their

particular party-building needs. The year-long program has witnessed a number of significant results. In March 2005, eight DLS students stood as candidates in extraordinary elections for municipal councilor in the town of Niksic. As active participants in the campaign, all used their newly acquired skills to develop and deliver party messages and literature. Over the year, several other participants assumed new roles within their parties, including secretary of the party branch and vice president of youth at the Republic level. Twelve participants were trained as trainers within their party and have successfully conducted trainings throughout the country. And more than 1,000 questionnaires - internal and external - have been distributed in various municipalities in an effort to recruit members, strengthen party infrastructure, and listen to the voters.

The relationships that have been built across polarized party lines - in a time of high political tension in Montenegro - represent perhaps the most significant achievement. As one participant noted, "We learned to respect the positions of our colleagues from different political parties and to communicate with them in a civilized

way even if we did not agree with them - which is very important in our political milieu." Another participant singled out teamwork as one of the most important lessons learned, "because, despite all our differences, mostly political, we were able to find a common language and, in the most difficult times, solve problems, take positions, and act like a real team."

The accomplishments of these students were recognized at a graduation ceremony held in the coastal town of Milocer in February. USAID Mission Director Keith Simmons awarded diplomas to participants from the northern branches of all parliamentary political parties in Montenegro - the first generation of graduates of the one-year training program. In addition to USAID funding and NDI assistance, the Nansen Dialogue Center organized the program with support from the Organization for Security and Cooperation in Europe (OSCE), the Open Society Institute (OSI), and the World Bank. Given the success of last year's school, the Nansen Dialogue Center has asked USAID/NDI, OSCE, and OSI to join them again in organizing the school for a second generation, scheduled to commence in April 2005. ■

## YOUTH DEBATE CLUB RAISES SPIRIT- ED DISCUSSION ON KEY CHALLENGES

Debate, negotiation, and compromise are areas of great need for any politician, but also points of weakness in inter-party dialogue and within and between parliament and government. An NDI pilot program in Serbia has brought together 15 participants - chosen primarily by the recommendations of senior party officials and by youth party leadership - for training in various

styles of debate and negotiation. Divided into multi-partisan teams, participants meet monthly to debate current issues and determine which winning team made the best use of negotiation and compromise to reach an agreement - including an overall winner - as well as awards for best speech, best point of order, and best point of information.

Ten debates organized over the course of more than one year included the future of the State Union of

Serbia and Montenegro, cooperation with the International Criminal Tribunal for the former Yugoslavia, joining NATO/Partnership for Peace, the future status of Kosovo, euthanasia, compulsory voting, and conscientious objection. "Beside all similarities with a real parliamentary debate, the debate that you have organized could be a model for MPs with its dynamics, good communication, and before all in terms of its content," said Milan Sekuloski - an adviser to the Committee for Defense

and Security in the National Assembly of the Republic of Serbia - after participating as a guest speaker in the debate on conscientious objection.

Debating techniques have improved from debate to debate, with participants equally focused on both the substance and composition of their speeches as a part of the team effort. Participants note that these gatherings not only help them to improve their presentational, public speaking, negotiating,

and debating skills, but widen their views on important issues facing Serbian society today.

More than 60 members from youth wings of relevant parties participated in the debates, including representatives of ethnic minority parties from Vojvodina and Sandzak and students from the faculties of law and political science. The group plans to register the society as an independent NGO, with the hope of becoming a self-run organization of politically engaged youth.

# FIRST MOOT COURT COMPETITION HELD IN SERBIA

The Philip C. Jessup International Competition, a 45-year-old moot court tradition observed worldwide, includes the participation of more than 2,000 law students from approximately 600 law schools. This year, for the first time, Serbian students competed with teams from up to 90 other countries, with support from USAID's Serbia Rule of Law project and additional funding from the U.S. Embassy in Belgrade.

The competition is designed to simulate the resolution of international disputes before the International Court of Justice in The Hague, with teams of students preparing oral pleadings and presenting their arguments before a mock forum. Seeking to broaden practical skills in legal research, legal writing, oral advocacy, and knowledge of international law, this year's Jessup problem raised international legal issues involving the law of the sea, environmental law,

and the law of state responsibility. The Serbian rounds of the moot court competition, organized by USAID implementing partner the National Center for State Courts (NCSC), featured teams from three law faculties - Belgrade, Novi Sad, and Serbia's private business law faculty - as well as the University of Nis as an observer.

U.S. Ambassador Michael C. Polt opened the Serbia rounds of the competition, which was attended by numerous representatives of the international community and Serbia's courts, who volunteered their time as coaches and judges. At an awards ceremony at the end of a full-day of the competition, USAID Mission Director Keith Simmons presented the Novi Sad Law Faculty as the winning team, along with a number of other awards, including three out of four best oralist awards to individual students from the faculty.

At the international rounds of the Jessup competition, held in Washington, DC, in late March-early April, the first-time Novi Sad team excelled among its peers, placing 36 out of 105 teams, with three wins and only one loss. ■



*Participants at the moot court competition simulate the resolution of international disputes before a mock version of the International Court of Justice*

## NEWS IN BRIEF

The Serbia Local Government Reform Program (SLGRP) marked its expansion to the city of Belgrade and 13 Belgrade municipalities in February, with a signing ceremony between U.S. Ambassador Michael C. Polt and Nenad Bogdanovic, the mayor of Belgrade. The program will provide technical assistance in financial management, capital improvements, budgets, and debt management, in addition to citizen participation, public information, and the construction permitting process. The contribution of hardware and software will also support the establishment of citizen

assistance centers and finance departments in a number of Belgrade municipalities.

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Opportunity Bank opened a branch office in the Montenegrin town of Bijelo Polje, as part of its continuing efforts to expand credit to micro, small, and medium-sized businesses. Its support of bank sector growth seeks to extend modern systems for both domestic and international payments, thereby improving economic conditions and helping to raise the standard of living of the citizens of Montenegro. Since its founding in 2002, Opportunity Bank has provided approximately 56 million in credit to more than 16,800 micro and small businesses across the Republic, 4 million of which has gone to over 1,100 clients in Bijelo Polje.

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More than 200 members and guests attended the sixth assembly of the Montenegro Business Alliance (MBA) on March 15, at which the Montenegro Business Alliance adopted its National Business Agenda for 2005. Now in its third year, MBA's National Business Agenda - the first document of its kind in Montenegro - represents a road map with seven challenges on which the Montenegro Business Alliance will focus in 2005, including shrinking the gray economy, reducing overall taxation, and lobbying for the adoption and implementation of the law on intellectual property rights. The assembly included the presentation of awards to the best companies: Montenegro Commercial Bank, the Nimont shipping company, and the Carine trade company. Dragan Pejovic, builder of the zoo complex at Lake Skadar, also won an award for the best entrepreneur.



# DAY CARE CENTER SERVES CHILDREN AND YOUTH WITH SPECIAL NEEDS

In the west Serbian town of Valjevo live Marija (21) and Darko (18), a sister and brother both with special needs. Marija was institutionalized in Belgrade until she was 18. For the past three years they have lived with their parents and grandmother in a two-room apartment in Valjevo, a period during which Darko's condition worsened and Marija's skills stagnated.

Local NGOs and municipal services estimate over 1,300 children with special needs among the 60,000 residents of Valjevo. Most of these children come from poor families and spend much of their life in isolation. Only 15% attend school on a regular basis, with few completing elementary education.

In an effort to improve the education and care of these children, a team of local medical experts worked with USAID's Community Revitalization through Democratic Action (CRDA) program to establish a day care center for children with special needs. The local government contributed to establishment of the center by renovating its classroom facility, leased free of charge, while USAID, through its implementing partner International Relief and Development (IRD), provided computer and multimedia equipment and furniture, as



*Students with special needs attend class at Valjevo's day care center*

well as educational material and learning tools.

The center provides space for over 90 children like Marija and Darko to participate in daily activities that offer important opportunities for socializing and mobility, including workshops in movement, dance, music, art, weaving, sewing, and knitting, as well as tutoring in mathematics, Serbian language, and computer courses. In addition to the chance for children to continue their education in fields that can help with their further integration into the community, the center offers parents free consultations as well as professional counseling.

According to Suzana Momcilovic, coordinator of the day care center, these children face challenges regarding appropriate social behavior and integration into society. The project teaches the children techniques and behaviors that improve their ability to learn and give them the tools to face the indifference they often encounter from others.

At the same time, the program is increasing the skills and confidence of parents, improving their ability to care for their children and help them learn. Both parents and children speak more openly about their problems at home and in public, where they have become advocates in raising awareness about the needs of such children and the programs available to assist them. With increased media coverage, more of the area's special-needs children and their parents are expressing interest in participating in the program.

Since they started attending the day care center, Marija has started talking again and Darko has regained his position as best student in his class. He particularly excels in geography, enjoys weaving classes, and shows his strongest skills in trivia quizzes. In speaking of the day care center, Darko exclaims, "I like it here a lot because we are not alone at home anymore!" Thanks to the center, many other children are not alone anymore either. ■



*"We are not alone at home anymore," Darko and Marija at the day care center*

# PROTECTION FROM IGNORANCE



*Participants in one of CRDA's reproductive health workshops*

According to a poll conducted in a coastal high school in Montenegro, 90% of students believe that sex education is essential in schools. Forty-seven percent of boys and 17% of girls do not know the meaning of "contraception," although 24% have already had their first sexual experience. With the majority of students still relying on media and friends as their main sources of information for reproductive health issues, topics such as contraception, sexually transmitted diseases, the need for regular medical examinations, and other reproductive health questions remain of great interest to young people who have had no opportunity to ask professionals about them until now.

To help with responsible efforts to fill this gap, the USAID-funded reproductive health segment of the Community Revitalization through Democratic Action (CRDA) program, implemented in southern Montenegro by International Relief and Development (IRD), has organized a series of lec-

tures and workshops on reproductive health issues in schools in the area.

The program includes visits to specialized counseling offices, as well as special trainings organized in cooperation with two regional youth NGOs, CAZAS and JUVENTAS, for future peer educators, who will continue to pass their knowledge onto their school friends. The program covers 13 schools in southern Montenegro, with other schools in the region participating in the training program for peer educators.

"I joined in because I wanted to receive adequate and accurate information about sex education, talk openly about it in an interesting way, and certainly learn a lot," says sixteen-year-old Nina from Danilo Kis High School in Budva, one of 20 partici-

pants in the reproductive health workshop organized in her school.

Inspired by these programs, participants have organized themselves independently and, with the support of their teachers and professionals, arranged new, additional, workshops and drama seminars for various schools along the coast.

In one such seminar, students from Budva and Bar designed an idea for a short, informative movie, to be produced in cooperation with a local TV station, in which they themselves will talk openly about what is still considered to be a taboo topic. The movie will be distributed to schools, and will be available as an information source for students that have not been directly involved in the workshops. ■



*IRD Women's Reproductive Health Coordinator  
Dr. Fehmija Fetahovic delivers lecture at Budva High School*



# NEW VALUE-ADDED TAX GENERATES REGULAR REVENUE FOR SERBIA

## NEWS IN BRIEF

USAID's Good Local Governance (GLG) project, implemented in Montenegro by The Urban Institute, and the Union of Montenegrin Municipalities (UMM), signed a Memorandum of Understanding in March to mark their cooperation on improving local government legislation and its implementation by municipalities in Montenegro. The memorandum specifies cooperation between the GLG project and the UMM in areas such as the amendment of legislation governing municipal property, development of model municipal ordinances, and a Code of Ethics for local government officials, civil servants, and others. The cooperation seeks to improve the effectiveness and responsiveness of local governments to their citizens, as well as opportunities for local economic development.

Miroslav Ivanisevic, Deputy Prime Minister of the Government of Montenegro, called the memorandum a significant contribution to the reform and decentralization of local government. "The Government of Montenegro will dedicate considerable attention to implementation of the reform processes that includes reduction of unemployment, improvement of the standard of living, faster development of the Republic, and better health, social protection, and education, which are impossible without good cooperation between central and local governments. The transfer of competences from the central government to local governments is a rather significant element of reforms that will bring us closer to Europe."

The introduction of a value-added tax (VAT) is a prerequisite for EU accession and a logical successor to the sales tax that provided Serbia's single largest source of state budget revenues (around 40%). Roughly 200 countries worldwide have opted for value-added taxes, due to the system's neutrality, ability to generate a regular flow of revenue, and self-policing mechanism. Introduction of VAT does more to improve government revenues and shrink gray market activity than any other single initiative.

On January 1, the Serbian government joined this effective international practice in the successful implementation of its own VAT, with critical support from USAID's Fiscal Reform Project. The effort has been closely coordinated with EU donors to synchronize activities and avoid duplication of support.

The VAT replaced the 20 percent sales tax on goods and services with a general 18 percent rate and an 8 percent rate for basic provisions, medicines, textbooks, and newspapers. Every entity that posted over 25,000 in turnover in the past year (2004), or expects to post as much over 2005, is subject to the VAT.

In Serbia, an estimated 41% of the employable population has their primary or secondary job in the gray economy. Close to 40% of the economy in the urban areas is estimated to be in the informal sector; while over 60% of rural economic activities are undertaken in the informal sector. VAT pushes more economic activity into the formal sector where it can be taxed. The tax forces every link in the transaction chain to pay its due, as conducting business with tax evaders incurs losses. The VAT will also test the liquidity of companies, as tax obligations will now be charged far more quickly than before.

In the period leading up to introduction of the VAT, the USAID Tax Reform Team established a fully operational communica-

tions and media team to help with public, taxpayer, and staff education. Various leaflets, posters, and technical brochures, as well as a media campaign, addressed different aspects of implementation, such as the effect on prices and the system's technical details. Support from the USAID/Fiscal Reform Project also helped ensure the timely completion of VAT registration, return filing, and payment procedures.

The Ministry of Finance expects the higher revenue collection rate under VAT to allow it to reduce the overall tax burden. The Ministry has already started making targeted tax cuts intended to stimulate saving, investment, and employment in anticipation of higher revenues from VAT in 2005. The Ministry particularly seeks to continue to target employer taxes on labor that discourage official hiring of new workers in order to address Serbia's high unemployment rate. Implementation of VAT will continue to initiate many important efforts leading to the country's economic recovery, with ongoing support from USAID and the U.S. Treasury. ■



VAT public education materials



# CAPACITY BUILDING BUILDS BRIDGES BETWEEN SERBIA AND IRAQ



Serbian and Iraqi engineering teams in Krusevac

Based on the extensive capacity developed over the past three years in implementing USAID's large-scale Community Revitalization through Democratic Action (CRDA) program, USAID partner Mercy Corps Serbia has developed a targeted engineering training program for colleagues in Iraq.

Nebojsa Nikolic, Senior Engineer and Head of Mercy Corps' Krusevac field office, combined his years of professional experience and intensive knowledge of effective systems for community-based infrastructure projects to create a dynamic and interactive information exchange between Serbian and Iraqi colleagues.

In addition to classroom training, Iraqi engi-

neers spent several days in the field seeing CRDA achievements firsthand. The exchange program benefited both Serbian and Iraqi engineers in providing both sides with an opportunity to examine standards and practices that operate in other cultures but which share similar USAID development objectives.

"New techniques, materials, procedures, and standards are one benefit of training and experiencing Serbia and your CRDA program. Another is experiencing a different culture which shares similar problems. The new engineering knowledge we will transfer to our local partners and authorities will help improve operating standards in Iraq," said Fadi, the youngest of the Iraqi engineer trainees. ■

## CENTRE FOR CIVIL-MILITARY RELATIONS HOSTS AMERICAN EXPERT VOLUNTEER

# SUPPORTING SECURITY REFORM IN SERBIA

The post-war transition in Serbia's security sector has been moving forward slowly, with limited government resources and enormous capacity gaps in institutions like the Ministry of Defense. In support of the transition process, the Centre for Civil-Military Relations (CCMR), a non-partisan and non-profit citizens' association, is actively involved in researching civil-military relations and advocating for civil control and public oversight. With growing institutional capacity, performance improvement, and responsiveness to the public, CCMR has been deepening its role as a moderator between the security forces and citizens. It has also been a leader in public dialogue on civil-military relations, providing education courses to both members of the public and members of the security forces. In support of these efforts, USAID's partner Freedom House

helped bring an American volunteer professional that spent 10 months in Serbia to provide expertise and technical assistance to strengthen CCMR's capacity. Among other activities, Dr. Natalia Maric, a Serbian-American with a Ph.D. in political science and extensive NGO management experience, worked with CCMR to reinvigorate a proposal for providing legal aid to those with unresolved legal questions regarding the Ministry of Defense.

The project has since received funding from the Balkan Trust for Democracy - a regional grant-making organization formed as part of a private-public alliance with USAID, the German Marshall Fund, the Charles Stewart Mott Foundation, and others. In the project's first month, CCMR was flooded with urgent questions. With secured funding, the Centre will continue

to provide this important service to the Serbian citizens.

CCMR staff have also used the expertise of the American volunteer to improve grant writing and reporting techniques as well as the quality of promotional materials and educational products. With such assistance, the Centre has introduced new syllabus methodologies, which will significantly impact the quality of researchers in the field of security studies. CCMR experts are now looking to expand activities in the region. As a first step, the organization has completed a feasibility study for the transformation of CCMR into a regional security studies institute. As security reform in Serbia continues, CCMR will play a more significant role in promoting the public education necessary to ensure public support and understanding of the process. ■

# WOMEN'S COOPERATIVE REINVENTS TRADITIONAL CRAFTMAKING

Economic changes in Serbia, including structural adjustment and privatization policies, have led to dramatic increases in poverty and insecurity for poor women. In the northern town of Kikinda for example, where more than 10,000 unemployed people have registered with the employment agency, women constitute half of the unemployed population.

Despite numerous efforts by women to secure self-employment opportunities, their needs have been increasingly marginalized, leading to the expansion of home-based work and forcing them to seek supplementary jobs to earn additional income. When a group of Kikinda women, long-time workers at Kikinda's Livnica foundry, were made redundant during the privatization process, they were determined not to give up. One of them, Milka Gavrancic, suggested that they respond to this challenge by banding together to perform what was typically considered women's handiwork: weaving, knitting, crocheting, and embroidery.

In February 2003, a group of 20 women thus joined together to form the Unikat association, which gathers female artisans and handicraft producers from the municipality - primarily refugees and displaced

women, single mothers, and low income and unemployed local women. The number of members is expected to increase by 50 by the end of 2005.

"We are aware how difficult it is to find a job at our age. A few of us that shared the common goal of seeking new employment initially got together and decided to do something with our hands. Originally, we established an association of female artisans in Kikinda and began finding a way out for ourselves. Later on, the cooperative Unikat was registered," says Marija Bugarski, an economic technician by education, who worked for 24 years in the finance department of the foundry.

In order to advocate for their interests and raise public awareness of the issues concerning network members, these home-based artisans took the initiative to establish the association as a tool for organizing exhibitions, preparing brochures and informational material, and networking with other partner organizations. In addition to education and technical assistance, the network has also established a specialized cooperative that enables members to market products jointly and sign contracts with buyers. The marketing cooperative addi-

tionally serves as a vehicle to supply its members with market data and contacts, micro-credit and funding sources, and modern production technology.

Through its implementing partner the America's Development Foundation (ADF), USAID's Community Revitalization through Democratic Action program (CRDA) assisted the members in organizing the modern marketing cooperative, and subsequently provided a workstation, laser printer, six weaving looms, and six sewing machines. The equipment will actively be used by cooperative members, who will work in two shifts in order to utilize the full capacity of equipment and produce a variety of handiwork to be marketed through the cooperative. The new equipment will also allow them to train new members.

Through the marketing cooperative, members will be able to expand production and include non-member contract producers involved with similar crafts in order to supply local buyers. The comprehensive portfolio of products and services provided by the cooperative will contribute to the long-term goal of developing a trademark for products of folk/ethnic origin, targeting both domestic and international markets.

By securing the sale of its members' products, the artisans have now doubled their sales income, and by marketing their products jointly through the cooperative, have gained access to new markets and in turn, furthered increased their revenues. And since the cooperative purchases raw materials at wholesale prices, artisan-members also have reduced their production costs by 30%.

Over the last two years, these diligent Kikinda women have promoted and sold their handiwork at different exhibitions, with great recognition, including an award at the 5th Kikinda SME fair EXPO, held in November 2004, for reviving and preserving old and forgotten crafts, and a letter of commendation from the Kikinda municipal assembly for their direct contribution to the development of the local community and entrepreneurship in the area. ■



*Sladjana Janic, youngest member of the crafts cooperative, working with equipment provided by the American people through CRDA*



# BONA FIDE NGOs CRACK DOWN ON BUSINESS ABUSE OF MONTENEGRO'S NGO LAW

Article 25 of Montenegro's NGO law enables nongovernmental organizations to conduct income-generating activities in support of their financial sustainability. In its current configuration, however, the law may be abused by cafés and small businesses seeking registration as NGOs in order to circumvent tax and other implications. Out of the 3,000 NGOs registered with the Montenegrin Ministry of Justice, upwards of 220 organizations have registered economic activities with the Republic's commercial court.

As part of a year-long NGO legislation reform program funded by USAID through its implementing partner for the Montenegro Advocacy Program, American ORT, the Center for Development of NGOs (CRNVO) and the European Center for Not-For-Profit Law (ECNL) met with NGOs, Ministry of Finance representatives, and international donors in an effort to identify ways to amend the legislation, and thus prevent its abuse from eroding civic confidence in the NGO sector.

Amendments to the provision would require amendments to tax legislation and ground shifts in the way the financial police and labor inspectors conduct their work. As Stevo Muk, director of CRNVO, notes, any such amendment "should enable NGOs acting in the public interest to continue to be able to generate a part of their income by charging fees for provision of services, but should prevent non-genuine NGOs to turn a profit that distorts business competition principles."

CRNVO and ECNL propose an amendment that would allow NGOs to directly engage in economic activities, if income generated from such activities does not exceed 4,000 euro or 10% of the total income generated. In particular, the proposal differentiates the term "income" from "profit." The law would also include penalty clauses that would prohibit organizations from engaging in economic activities within 60 days of failure to comply with its conditions. With proper enforcement, such an amendment would force businesses masquerading as NGOs to either relinquish



CRNVO roundtable gathered key stakeholders to discuss legislation

their NGO status or register as a legitimate enterprise. This move towards eradicating the gray economy would represent a further step in the ability of Montenegro's real NGO sector to build genuine trust within the public it represents. ■



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